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For more information, contact:
Mike Gowrylow
(360) 486-2113

Trashy Story Ends Well; Voluntary Litter Tax Compliance Soars to 99%

OLYMPIA, Wash., Feb. 19, 2003—This trashy story has a happy ending: voluntary litter tax collections have picked up sharply over the last two years, a new Department of Revenue study reports.

Voluntary compliance rose to 99.1 percent of taxes collected in 2001, compared to 81.6 percent in 1999, after the Department altered its strategy for collecting and enforcing the tax. Only 0.9 percent of the tax had to be collected through more costly enforcement in 2001, compared to 18.4 percent in 1999, according to the legislatively required report.

A record \$5.8 million in litter taxes were paid in 2001 by nearly 20,000 businesses that sell items subject to the litter tax, including newspapers, groceries, alcoholic beverages and other glass, metal and paper products typically found scattered along state highways. The rate is 0.015 percent, or \$15 on the sale of \$100,000 of affected products.

A key component of the turnaround was a legislative change that required businesses to report the litter tax at the same frequency that they reported their other state taxes. Before then, the tax was only reported annually, and many taxpayers simply forgot about it. Following the legislative change, the Department moved the litter tax reporting line to a highlighted place on the tax return, educated firms about their obligations and issued bills for unpaid taxes.

The litter tax was adopted in 1971 as part of the Model Litter Control and Recycling Act of 1971. Proceeds from the tax are devoted to litter-related programs conducted by the Department of Ecology and other state agencies and grants to local governments for similar programs.

The complete report is available at <http://dor.wa.gov/docs/reports/LitterTaxComp2003.pdf>.

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